BEFORE THE
UNITED STATES TRADE REPRESENTATIVE

SECTION 201: STEEL	**)**

NON-CONFIDENTIAL VERSION
Business confidential information has been deleted from pages 3 and 5 and Exhibits 1 and 2.

REQUEST FOR EXCLUSION OF INTERSTITIAL FREE SLABS

On Behalf Of

AK Steel Corporation

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I. EXECUTIVE SUMMARY

Interstitial free ("IF") slabs in thicknesses of 9 to 9.5 inches should be excluded from the scope of any import restrictions imposed pursuant to the pending Section 201 investigation. These IF slabs are required by AK Steel for the production of a special grade of high-quality corrosion-resistant steel used in the automotive and appliance industries. IF slabs are produced using special degassing equipment and are unavailable for purchase from domestic sources because U.S. producers consume virtually all IF slabs in the production of higher, value-added products. Domestic producers have no economic incentive to provide their competitors with the IF slabs they need to produce finished specialty products that compete with the domestic producers' own finished products. For this reason, AK Steel is unable to purchase these slabs from any domestic source and must import them to satisfy its production requirements. In addition, because of the special equipment and expertise needed to produce IF slabs of the thickness required by AK Steel, they are available from only a limited number of foreign steel mills.

II. INTERSTITIAL FREE SLABS SHOULD BE EXCLUDED FROM ANY REMEDY IMPOSED

If, contrary to the positions of AK Steel, California Steel, Duferco Farrell, and Oregon Steel, import restrictions are imposed on slabs pursuant to the pending Section 201 investigation, IF slabs should be excluded from the measure imposed.

The statute provides that import restrictions may be imposed "only to the extent the cumulative impact of such action does not exceed the amount necessary to prevent or remedy serious injury."[1] If an imported article, however, does not injure or threaten the domestic industry with injury--either because it is not produced by the domestic industry or is unavailable

[1] 19 U.S.C. § 2253(e)(2).

for purchase in the domestic market--the statute suggests that any remedy that includes those products would exceed the amount necessary to prevent or remedy serious injury.

In previous Section 201 cases, the President excluded from the scope of the relief measure certain specialty products that were not reasonably available in the domestic market. For example, in Certain Steel Wire Rod the President excluded eight steel wire rod products from the tariff-rate quotas imposed[2] presumably upon the finding of the International Trade Commission that these products were either not available from domestic suppliers or were not available in commercially significant volumes.[3]

Similarly, as detailed below, while a limited number of mills in the United States produce IF slabs, virtually all IF slabs are captively consumed by those mills in the production of higher, value-added products that require steel with heightened formability characteristics. Thus, there are no IF slabs available for purchase in the U.S. merchant market. Because no domestic IF slabs are sold into the merchant market, imports of IF slabs cannot contribute significantly to the serious injury experienced by the U.S. industry and any remedy imposed on them would be in excess of that needed to remedy or prevent serious injury.

A. Basis For Exclusion

AK Steel must use IF slabs to produce a certain grade of high-quality corrosion-resistant steel that it sells to customers in the automotive and appliance sectors. While AK Steel produces IF slabs at its Middletown Works--one of its two hot-end operations--it consumes all of the IF

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[2] Proclamation 7273--To Facilitate Positive Adjustment To Competition From Imports Of Certain Steel Wire Rod, 65 Fed. Reg. 8,621, 8,621 (2000).

[3] Certain Steel Wire Rod, USITC Pub. 3207, Inv. No. TA-201-69 (1999), at I-56 & n.12 (Remedy Recommendation of Vice Chairman Miller and Commissioner Koplan) ("We also believe that the exclusion of these imports supports our efforts to limit the relief only to the extent necessary to remedy the injury we have found.")

slabs it produces in the downstream production of corrosion-resistant steel.[4] AK Steel does not have sufficient capacity to produce all of the IF slabs needed to satisfy the demands of its state-of-the-art rolling operations at its Rockport Works in Indiana; thus, it must supplement its production by purchasing additional quantities of IF slabs.[5] In 2000, [ ] percent of the slabs purchased by AK Steel were IF slabs; the company could not obtain any of these amounts from other U.S. producers of slabs.[6]

IF slabs can only be produced by firms that have special degassing equipment in their basic oxygen furnaces ("BOFs") or electric arc furnaces ("EAFs"). No EAF in the United States has a degasser. While certain domestic integrated producers have BOFs with degassers, they captively consume all of their IF slabs and often have insufficient supply for their own needs.[7] AK Steel has attempted to purchase domestic IF slabs, but no U.S. integrated producer has had IF slabs available for sale to AK Steel since 1996. In that year, the company was able to purchase a nominal quantity of IF slabs--[ ].[8]

Because of the special degassing equipment, significant capital investment, and expertise necessary to produce IF slabs, IF slabs are produced in a limited number of countries abroad. AK Steel has purchased a substantial quantity of its IF slab requirements from Brazil.

Moreover, as a result of problems with its Middletown blast furnace in September 1998, AK Steel approached several domestic integrated producers, including Inland, National, U.S.

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[4] Exhibit 1 ¶ 2 (Affidavit of Ernie Rummler, dated Sept. 5, 2001).

[5] Id. ¶ 3.

[6] Id. ¶¶ 5, 10.

[7] Id. ¶ 5.

[8] Id. ¶ 10.

Steel, Acme, and LTV to purchase slabs to make-up for its temporary decline in slab production. No producer was willing to provide AK Steel with any quotes for IF slabs.[9] After 1998, AK Steel has attempted to buy IF slabs from several other U.S. producers. None of these attempts were successful.[10]

B. Product Designation And Description

Interstitial free slabs are carbon steel slabs with less than five parts-per-million carbon content used for extra deep drawing quality requirements. IF slabs enter the U.S. under HTS number 7224.90.0055. AK Steel requires IF slabs with a thickness of 9 to 9.5 inches.

C. Domestic And Foreign Producers Of IF Slabs

A limited number of integrated steel mills in the U.S. are capable of producing IF slabs in the 9 to 9.5 inches in thickness required by AK Steel. To AK Steel's knowledge these U.S. mills are AK Steel's Middletown Works, U.S. Steel's Fairfield and Gary Mills, Bethlehem Steel's Burns Harbor Mill, LTV Steel's Cleveland Works and Indiana Harbor Mill, National Steel, and Weirton Steel.

U.S. producers of IF slabs, however, consume virtually all of the IF slabs they produce in the downstream production of higher, value-added corrosion resistant steels. There is no economic incentive for U.S. mills to utilize their specialized equipment to produce slabs to sell to their competitors on the merchant market; U.S. mills would rather realize higher revenue returns by processing IF slabs into specialty corrosion resistant steels that they sell to automotive and appliance manufacturers.

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[9] Id. ¶ 13; Exhibit 2 ¶ 10 (Affidavit of Ernie Rummler, dated Sept. 26, 2001).

[10] Exhibit 2 ¶¶ 9-17.

The only foreign producers known to AK Steel that produce IF slabs of the 9 to 9.5 inches in thickness that AK Steel requires are Kawasaki Steel/NKK in Japan, Stelco in Canada, Companhia Siderúrgica Nacional in Brazil, Usinor/Arbed in Luxembourg, and Eko Stahl in Germany. In the near future Cosipa in Brazil may be able to produce IF slabs of the required thickness. For the same reasons that domestic mills do not sell IF slab in the merchant market, however, many foreign producers that have the equipment necessary to produce IF slabs do not export them to the United States. Rather, they export the downstream finished product to the United States.

D. Estimated U.S. Consumption Of IF Slabs

AK Steel is unable to devise a method to reasonably estimate total U.S. consumption of IF slabs of 9 to 9.5 inches in thickness. In 2000, AK Steel consumed [ ] tons of IF slabs with the specifications listed above. Of this tonnage, AK Steel produced [ ] tons itself and imported [ ] tons. AK Steel expects to consume similar quantities in 2001.

AK Steel consumes all of the IF slabs it produces and purchases in the downstream production of a special grade of high-quality corrosion-resistant steel at its Rockport Works. The Rockport Works did not begin operations until mid-1998. Thus, AK Steel's consumption of IF slabs prior to 1999 does not accurately reflect AK Steel's total IF slab requirements.

E. Estimated U.S. Production Of IF Slabs

The following chart lists the stated IF slab production capacity of domestic steel producers. These capacity figures represent the capacity to produce <u>all</u> IF slabs. IF slabs of the thickness required by AK Steel, however, are only produced by those producers listed in subpart C above.

Company	Stated Capacity (millions of short tons)	Location
AK Steel	1.80	Middletown, OH
Bethlehem Steel	1.20	Burns Harbor, IN
Ispat-Inland	2.20	Indiana Harbor, MI
LTV	2.48	Cleveland, OH and Indiana Harbor, MI
National Steel	2.04	Ecorse, MI
Rouge Steel	0.50	Dearborn, MI
US Steel	3.60	Pennsylvania and Indiana
WCI	0.50	Warren, OH
Weirton	1.00	Weirton, WV
Total U.S. Capacity	**15.32**	

F. U.S. Produced Substitutes For IF Slabs

AK Steel knows of no substitutes for IF slabs for the manufacture of its special grade of high-quality corrosion-resistant steels.

III. CONCLUSION

IF slabs are (1) required by AK Steel for the production of a special grade of high-quality corrosion-resistant steel used in the automotive and appliance sectors, (2) produced using special equipment and expertise, (3) produced in a limited number of countries abroad, and (4) unavailable for purchase from domestic sources because U.S. producers consume virtually all IF slabs produced in the production of higher, value-added products. Thus, domestic IF slabs are not sold into the merchant market in the United States. Consequently, in accordance with the statute, the President should exclude IF slabs from the scope of any import restrictions on slabs pursuant to the pending Section 201 investigation. Failure to do so will result in significant harm to the operations of AK Steel, which will be unable to obtain a raw material necessary in its production of corrosion-resistant steel. Such a result would be inconsistent with the statute's

requirement that the remedy imposed "provide{s} greater economic and social benefits than costs."[11]

Respectfully submitted,

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[11] 19 U.S.C. § 2253(a)(1)(A).

Affidavit Of Ernie Rummler

1. My name is Ernie Rummler. I am Vice President of Manufacturing, Planning and Steel Sourcing for AK Steel Corporation. I have been with AK Steel for more than 27 years and have held my current position since 1993. I have been responsible for purchasing slabs for the last four years. I have personal knowledge of the facts and information set forth below.

2. AK Steel is an integrated U.S. producer of flat-rolled carbon and alloy steel products. The company produces carbon and alloy liquid steel using coke ovens, blast furnaces, and basic oxygen furnaces at its Middletown Works in Ohio and its Ashland Works in Kentucky. The Middletown Works also has a degasser, which enables the company to produce interstitial free ("IF") steel. IF steel has extremely low carbon content and is used for extra deep drawing quality requirements. AK Steel casts carbon and alloy steel slabs ("slabs") in slab casting facilities at the Middletown Works and the Ashland Works. The Middletown Works produces IF slabs and non-IF slabs using a dual-strand slab caster. The slabs are 9.0 inches thick, 36 to 80 inches wide, and 16 to 34 feet long. The Ashland Works produces non-IF slabs using a single-strand slab caster. The slabs are 9.5 inches thick, 42 to 72 inches wide, and 16 to 34 feet long. Virtually all of the company's slabs are captively consumed to make hot-rolled sheet at the hot-strip mill at the Middletown Works. The hot-rolled sheet is both sold in the merchant market and is also captively consumed to make cold-rolled, coated, and galvanized finished flat products. AK Steel's flat-rolled finished products are sold primarily to automotive

manufacturers and to customers in the appliance, industrial machinery and equipment, and construction markets.

3. AK Steel does not have sufficient capacity to produce all of the slabs needed to satisfy the demands of our rolling operations. In 2000, the slab deficit was approximately [ ] tons, or almost [ ] percent of AK Steel's total slab needs. The deficit is largely attributable to the slabs needed to supply AK Steel's Rockport Finishing Works in Indiana, a cold-rolling and galvanizing plant that began production in mid-1998. The Rockport Works produces high-quality corrosion-resistant steel for sale to the automotive sector. To produce steel for this market, AK Steel must use IF slabs.

4. AK Steel's $1.1 billion dollar investment in the Rockport Works was predicated on the availability of IF slabs from foreign sources. The Rockport Works has allowed AK Steel to shift more sales to high-end, value-added products that do not compete with the commodity products sold by minimills and many foreign producers.

5. The start-up of the Rockport Works in mid-1998 has caused a change in the type of slabs AK Steel must purchase on the open market. In 1996 and 1997, AK Steel purchased common grades of low carbon slabs. Beginning in 1998, when the Rockport Works opened, AK Steel began to purchase mostly IF slabs. Only producers that have degassing equipment in their basic oxygen furnace ("BOF") or electric arc furnace ("EAF") can produce IF slabs. Currently, no EAF melting carbon steel in the United States has a degasser. Moreover, while a number of integrated producers do have BOFs with degassers, they captively consume all of their IF slabs and often have insufficient supply for their own needs. Thus, IF slabs are not available for purchase from other

domestic producers. In 2000, [ ] percent of the slabs purchased by AK Steel were IF slabs for the production of hot-rolled sheet to be used in the Rockport Works.

6. AK Steel sources slabs by identifying and qualifying suppliers who offer slabs on a consistent basis that meet all of AK Steel's specifications for dimensions (e.g., 8.5 to 9.5 inches thick), chemistry, quality, and grade (e.g., IF steel). We source slabs from firms that are able to commit to sell us large tonnages over an annual period and who are willing to negotiate price and exact quantities on a quarterly basis. AK Steel cannot rely on producers that only offer slabs on a sporadic basis. The need for a consistent and reliable supplier is driven by the necessity of using high-quality slabs to produce the high-quality, value-added finished steel AK Steel sells to customers for the automotive market. To produce steel for the automotive market, AK Steel uses only slabs that are internally produced or are obtained from qualified suppliers. Only with these slabs is AK Steel assured that the quality is sufficiently high and consistent to produce steel for the automotive market. Slabs purchased on a spot-basis are not used to produce steel for the automotive sector.

7. All slabs purchased by AK Steel are produced to AK Steel's specifications, which are tight in relation to industry standards. These specifications are set forth in an attachment to our Purchasers' Questionnaire. Importantly, all slabs purchased by AK Steel must be 8.5 to 9.5 inches thick to be used by AK Steel's hot-strip mill. Slabs outside this range of thickness cannot be used by AK Steel. The Quality Assurance Department maintains a list of qualified suppliers. Qualification of a new supplier takes approximately three months. Qualified suppliers must agree to meet AK Steel's slab

specifications and quality guidelines. Our quality control personnel visit the potential supplier to inspect the factory and to review the supplier's quality control system and its QS9000 or IS9002 certification status. We also review the supplier's financial stability.

8. Another important factor to AK Steel in choosing a slab supplier is the ability to produce and sell IF slabs. In 2000, IF slabs accounted for [ ] percent of all slabs purchased by AK Steel. AK Steel needs IF slabs to produce high-quality cold-rolled and galvanized sheet for the automotive sector.

9. Attachment A to this affidavit sets forth AK Steel's slab imports and slab purchases from domestic producers during 1996-1999, January-June 2000, and January-June 2001. The rather large increase in imports from January-June 2000 to January-June 2001 was due to a planned blast furnace outage which was originally planned to be at the end of our second quarter and then was moved into the third quarter. In 2002, I expect that AK Steel will purchase approximately [ ] tons of slabs.

10. AK Steel has been unable to locate a reliable high-quality source of domestically produced slabs. No U.S. integrated producer has offered to sell IF slabs to AK Steel since 1996. In that year, we were able to purchase [

]. Also, no U.S. integrated producer has ever agreed to negotiate a quarterly contract to supply AK Steel with slabs that are custom made for AK Steel. U.S. integrated producers do not regularly solicit AK Steel for slab sales. One or two times per year individual U.S. producers offer spot sales of common grades of slabs to AK Steel. These slabs are not produced to AK Steel's specifications and are only being offered for sale because the slab producer unexpectedly has excess inventory of a certain

type of slabs that it does not need. Typical reasons these slabs are offered for sale is that they failed to meet customer specifications (for example, they are transition chemistry slabs) or the producer's order for finished steel fell through. Because the U.S. integrated slab producers compete against AK Steel in the market for finished flat-rolled products, they have no incentive to produce custom order slabs for AK Steel at reasonable prices.

11. AK Steel cannot purchase slabs from U.S. mini-mills. U.S. mini-mills using electric arc furnaces and the thin slab casting process do not cast slabs for inventory; they immediately convert the slabs into hot-rolled steel in a continuous process. Those few mini-mills that do produce slabs for inventory cannot meet the thickness and chemistry specifications required by AK Steel. No U.S. mini-mill produces slabs that are 8.5 to 9.5 inches thick, as required by AK Steel's roughing mill. Also, no U.S. mini-mill produces IF slabs.

12. AK Steel has not purchased slabs from Geneva Steel during the last seven years. Although Geneva has never solicited AK Steel, AK Steel has contacted Geneva to determine if acceptable slabs were available. Acceptable slabs were not available because Geneva cannot produce slabs that satisfy the quality and specifications required by AK Steel. Also, Geneva does not produce IF slabs. Even if Geneva could produce slabs that meet AK Steel's specifications, the rail freight cost from Geneva's plant in Utah to AK Steel's hot-rolling mill in Middletown, Ohio would be approximately $40 per ton, which is cost prohibitive.

13. In 1999, we were able to purchase non-IF slabs from U.S. Steel on short notice. Commencing April 12, 1999, we experienced problems with our Middletown blast

furnace which caused us to lose 27,000 tons of slab made from the Middletown melt shop during April. We reached out to most of the integrated producers seeking to purchase wide slabs to fill this production shortfall. U.S. Steel was the only mill with available capacity at that time that was willing to quote us, and U.S. Steel would not quote us any IF slabs. We purchased wide, non-IF slabs from U.S. Steel on a spot basis during May-September of 1999 to get caught up on our wide slab needs until our blast furnace came back to full production. We did not buy from U.S. Steel thereafter, because it could not sell us the IF slabs that we most need to purchase. Moreover, as of early 2000, U.S. Steel was itself short of slabs, as explained below.

14. During 1996-June 2001, AK Steel sold slabs on only one occasion. In early 2000, AK Steel sold approximately [ ] tons of non-IF slabs from its Ashland Works to U.S. Steel. U.S. Steel was short on slabs and needed delivery on a short lead time. They contacted us, and we agreed to sell them slabs that happened to be available at that time due to an opening in our order book. As noted above, U.S. Steel had sold us slabs in 1999, and we were pleased to return the favor. This was a one time spot sale that filled a temporary need at U.S. Steel.

I declare under penalty of perjury that the foregoing is true and correct. This 5th day of September, 2001.

----------/s/----------
Ernie Rummler

AFFIDAVIT OF ERNIE RUMMLER

15. My name is Ernie Rummler. I am Vice President of Manufacturing, Planning, and Steel Sourcing for AK Steel Corporation. I have been with AK for more than 27 years and have held my current position since 1993. I have been responsible for purchasing slabs for the last four years. I have personal knowledge of the facts and information set forth below.

16. I attended the hearing held before the International Trade Commission on September 19, 2001. At that hearing, Chairman Koplan requested that the members of the domestic steel industry participating in this action provide as much detailed information as possible about their attempts to purchase slabs from other domestic producers since 1996.

17. Subsequent to that hearing, I reviewed company records, and discussed this subject with others at AK to identify as much information as I could concerning AK's attempts to purchase slabs from other domestic producers of slabs since 1996.

AK's Need For Slabs

18. As I explained in my September 5 affidavit (Exhibit 18 to our Prehearing Brief), AK does not have sufficient capacity to produce all of the slabs needed to satisfy the demands of our rolling operations. This slab deficit is largely attributable to the slabs needed to supply AK's Rockport Finishing Works, which began production in mid-1998. The Rockport Works produces high-quality corrosion-resistant steel for sale to the automotive sector. To produce steel for this market, AK must use interstitial free

("IF") slabs, which can only be produced by producers that have degassing equipment in their basic oxygen furnace ("BOF") or electric arc furnace ("EAF"). Because IF slabs are produced using degassing equipment, they are also known as "degas" slabs. Not all "degas" slabs, however, are IF.

19. Currently, no EAF melting carbon steel in the United States has a degasser. Moreover, while a number of integrated producers do have BOFs with degassers, they captively consume all of their IF slabs and often have insufficient supply for their own needs. Thus, IF slabs are generally not available for purchase from other domestic producers. For this reason, as well as others outlined in my September 5 affidavit, AK has been unable to locate a reliable high-quality source of domestically produced slabs despite repeated efforts to do so.

Attempts To Purchase Slabs: 1996-97

20. In 1996 and 1997, AK purchased mainly common grades of low carbon slabs. In 1996, AK purchased [ ] tons of slabs from domestic producers: [ ] tons from Inland Steel, and [ ] tons from National Steel. These purchases represented approximately [ ] percent of AK's slab purchases for the year.

21. In 1997, despite repeated efforts, AK was unable to purchase any slabs from domestic producers. On or about June 5, 1997, David E. Parrish, General Manager of Customer Service and Planning for Wheeling Pittsburgh, responded to a fax from AK dated May 19, 1997, inquiring whether Wheeling Pittsburgh would be interested in selling slabs. Mr. Parrish offered to sell a limited volume of slabs (approximately [ ] net tons) to AK from inventory. AK did not purchase any slabs from Wheeling

Pittsburgh at that time, however, primarily because the slabs were not the IF slabs AK was seeking.

22. On or about August 12, 1997, Jim Glenn of AK faxed a letter to Mr. Parrish informing him that AK was no longer interested in purchasing stock slabs, but would be interested in purchasing eight specified slab grades from new production. On September 23, 1997, Mr. Glenn forwarded a term sheet to Mr. Don P. Miller of Wheeling Pittsburgh outlining the basic parameters for a proposed [ ] net ton slab purchase. By fax dated October 2, 1997, Mr. Miller rejected the AK proposal due to price and already having committed the balance of the Wheeling Pittsburgh 1997 slab production. Copies of the various written communications referenced above are attached as Exhibit 1.

Attempts To Purchase Slabs: 1998-2001

23. Beginning in 1998, when the Rockport Works opened, AK began to purchase mostly IF slabs. For the reasons outlined in my earlier affidavit, it proved extremely difficult for AK to purchase these slabs domestically.

24. In September 1998, I made numerous inquiries concerning slab availability both domestically and offshore to cover a shortfall created by problems with AK's Middletown Works blast furnace. Among domestic companies, we contacted Inland, National, United States Steel ("USS"), Acme, and LTV. None of these efforts were successful. An order was placed with Stelco (a Canadian steel producer) on September 19, 1998 to meet our needs.

25. On or about February 1, 1999, Donna Conn of AK wrote to Al Stitz of Bethlehem-Sparrows Point exploring the possibility of AK purchasing [ ] tons of both IF and

non-IF slabs from Bethlehem in the first half of 1999. Ultimately, no purchases were made because the slab thickness was 250 mm, or about 10 inches, which is too thick for AK's strip mill. A copy of Ms. Conn's letter to Mr. Stitz is attached as Exhibit 2.

26. On or about February 26, 1999, Marshall Smith of AK wrote to James Mellin of USS concerning possible slab purchases. AK ultimately acquired [ ] tons of non-IF slabs from USS stretching over a five-month period from May through September 1999 (this is the same transaction referred to in paragraph 13 of my September 5 affidavit). No IF slabs were purchased as part of this transaction because USS did not have any available for sale. A copy of Mr. Smith's letter to Mr. Mellin is attached as Exhibit 3.

27. In August 2000, we made inquiries to domestic producers, including Geneva Steel, concerning the availability of ALM grade spec slabs. This is the slab grade in highest demand from our customers. Geneva was not interested in providing ALM spec slabs due to the drawing quality application. A copy of a fax exchange dated August 7 and August 8, 2000 between AK and Mako Metals, which was brokering for Geneva Steel at the time, is attached as Exhibit 4.

28. In October 2000, I contacted Al Maccino of LTV exploring available IF slabs for purchase. LTV could not commit to a significant enough volume and no deal was reached.

29. On or about March 2, 2001, Bob Schinaman of AK contacted Pete Eklund of LTV to inquire about the possible purchase of slabs. Mr. Schinaman was informed that LTV did not have any slabs available for sale.

30. In July 2001, Bob Schinaman of AK contacted Tom Evans of Weirton Steel to explore the possible purchase of certain slab grades. Principally, AK was interested in acquiring IF slabs. Weirton Steel indicated that it had [ ] tons of degas slabs produced by CST of Brazil in their inventory. Those slabs, however, did not meet our chemistry requirements. We also explored whether Weirton could produce the slabs for us. Ultimately, the deal fell through because Weirton's slabs had a maximum width of 48 inches, which was too narrow for our needs at that time. A copy of a July 20, 2001 fax from Mr. Schinaman to Mr. Evans is attached as Exhibit 5.

31. As I explained in my September 5 affidavit, U.S. integrated producers do not regularly solicit AK for slab sales. One or two times per year, individual U.S. producers offer spot sales of common grades of slabs to AK. No U.S. integrated producer has offered to sell IF slabs to AK since 1996.

32. Finally, I want to elaborate on my testimony at the hearing on September 19 regarding how slab prices are determined. Based on my substantial experience in purchasing slabs, I disagree with the suggestion that the prices paid for slabs in the merchant market dictate the market prices for downstream products made from purchased slabs. To the contrary, the prices that we expect to receive from our future sales of downstream products made from slabs strongly influence what we are willing to pay for slabs. The prices we receive for cold-rolled sheet, for example, are dictated by supply-demand conditions for cold-rolled sheet, not what we paid for the slabs used to make the cold-rolled sheet. Thus, we have no ability to pass along increased slab costs to our customers and no incentive to pass along decreased slab costs to our customers. In

addition, as I testified, the prices of slabs, like each of the other six flat products, is also determined by its own global supply/demand conditions, especially in the short run. But finished product prices determine what we can pay for slabs because our finished steel markets are competitive, we are price takers, and slab suppliers follow the prices for the finished flat-rolled steel products. Beyond the short run, we must assure a reasonable spread between slab purchase prices and downstream product selling prices that will enable us to earn a profit.

I declare under penalty of perjury that the foregoing is true and correct. This 26th day of September, 2001.

----------/s/----------
Ernie Rummler